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CENTRAL INTELLIGENCE AGENCY

11 May 1959

MEMORANDUM FOR THE UNITED STATES INTELLIGENCE BOARD

SUBJECT: OCB Report on Taiwan

1. The Chairman desires to discuss the following matter briefly with the Members at the USIB meeting on 12 May 1959.

2. The Chairman notes that in a current draft of an OCB report on Taiwan and the Government of the Republic of China there are certain statements which do not appear to be entirely consistent with judgments contained in SNIE 100-12-58, Probable Developments in the Taiwan Strait Crisis, 28 October 1958. He also notes, however, that developments since the publication of the SNIE may have changed the views of the Members on these points. The statements in question, underlined in the quotations from the two documents here below, bear on the willingness of the GRC to withdraw from the Offshore Islands and the consequences on Taiwan and in Asia of such a withdrawal.

a. OCB Report, Paragraph 7

The Problem of the Off-Shore Islands. The crisis in the Taiwan Strait highlighted the problem posed by the GRC-held off-shore islands. A substantial body of public opinion in the Free World was revealed as favoring GRC withdrawal from them once the situation was tranquilized. The United States for its part does not consider wise, from a military

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standpoint, the GRC's commitment of so large a portion of its armed forces to the defense of the islands. Whatever the views of other countries regarding the matter may be, however, the facts are that the GRC attaches enormous political and psychological importance to the islands and is adamantly opposed to abandoning them. If the United States should attempt to persuade the GRC to remove its forces from the islands, it would undoubtedly refuse to do so. We can offer no inducements which would be sufficient to cause the GRC to give them up. An effort to force the GRC to take this action by threatening refusal to assist in their defense or a reduction of aid would probably not succeed, but only cause deep resentment and suspicion among Chinese leaders which would destroy our present close and cooperative relationships with the GRC. The Communists, who are seeking to create divisions between the United States and the GRC as part of their politico-military campaign to seize Taiwan and destroy the GRC, would exploit such a situation fully. There is also a danger that evacuation would undermine the GRC as an alternate Government of China by tending to reduce it to the status of a Government of Taiwan, thus depriving it of its basic reason for existing. Such developments would probably engender a disastrous deterioration of GRC morale and stability which would have grave consequences for the entire Free World position in the Far East. Furthermore, evacuation of the islands would in no sense remove the threat of aggression by the Chinese Communists, who have repeatedly made it clear that their purpose is to seize Taiwan, the Penghus, and the off-shore islands as a whole and that they will accept no compromise.

b. SNIE 100-12-58

"...if the Chinese Nationalists were convinced that the alternative would be an almost complete collapse of their relationship with the US and/or of their international position, we believe that the chances are better than even that the Chinese Nationalists would in time yield to US persuasion. In doing so, they would insist that further US commitments be made for the strengthening of Taiwan and for the continuing of US support of the GRC as the government of China.

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"The adjustment to the new situation following the loss of the offshore islands would be exceedingly difficult, involving a shift in the GRC's view of its role in the world, some change in its policies, and severe strains in the US-GRC relationship. At the same time, susceptibility of some groups to Communist propaganda and subversion would almost certainly increase. Nevertheless, provided the US had carefully paved the way and had made new and convincing demonstrations that it was still determined to protect Taiwan and to support the GRC's international position, we believe that the loss of the offshore islands would not lead to a collapse of the GRC's will to exist, or to the overturn of the GRC by groups seeking accommodation with Peiping, or the creation of an "independent" Taiwan.

"The impact on US prestige of the loss of the offshore islands would vary widely, depending on the circumstances, being least evident (virtually negligible in [REDACTED] India) in the event the US had persuaded the Chinese Nationalists to withdraw their garrisons in the interests of peace, and most pronounced in the event Chinese Communist forces had successfully overrun the garrisons. While there would be some sense of relief that this source of friction between Communist China and the US had finally been liquidated, there would be concern for the future security of their countries against Communist China, and the ROK and many Southeast Asian countries would levy new requests on the US for support.

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"It is unlikely, however, that the loss of the offshore islands alone would have any substantial effect on the foreign policies and orientations of [REDACTED] India, Indonesia, Burma, the ROK, Malaya, Cambodia, or South Vietnam. The government of Thailand might seek to increase its contacts with Peiping. Opposition political groups in Laos and the Philippines would probably be able to exert greater pressures on their governments to adopt more neutralist policies. The positions of pro-US groups in some neutralist countries might be weakened. Despite these reactions, however, we do not consider that the loss of the offshore islands alone would cause any Asian government to fall to the Communists, or that the US presence and position in East Asia would suffer critical damage."

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Deputy Assistant Director  
National Estimates

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